

§ 3135.1-4

1 showing as to the qualifications of the transferee shall be sufficient.

[53 FR 17359, May 16, 1988; 53 FR 31959, Aug. 22, 1988]

§ 3135.1-4 Effect of transfer of a tract.

(a) When a transfer is made of all the record title to a portion of the acreage in a lease, the transferred and retained portions are divided into separate and distinct leases. The BLM will not approve transfers of a tract of land:

(1) Of less than 640 acres that is not compact; or

(2) That would leave a retained tract of less than 640 acres.

(b) Each segregated lease shall continue in full force and effect for the primary term of the original lease and so long thereafter as the activities on the segregated lease support extension in accordance with § 3135.1-5.

[73 FR 6442, Feb. 4, 2008]

§ 3135.1-5 Extension of lease.

(a) The term of a lease shall be extended beyond its primary term:

(1) So long as oil or gas is produced from the lease in paying quantities;

(2) If the BLM has determined in writing that oil or gas is capable of being produced in paying quantities from the lease; or

(3) So long as drilling or reworking operations, actual or constructive, as approved by the BLM, are conducted thereon.

(b) Your lease will expire on the 30th anniversary of the original issuance date of the lease unless oil or gas is being produced in paying quantities. If your lease contains a well that is capable of production, but you fail to produce the oil or gas due to circumstances beyond your control, you may apply for a suspension under § 3135.2. If the BLM approves the suspension, the lease will not expire on the 30th anniversary of the original issuance date of the lease.

(c) A lease may be maintained in force by the BLM-approved directional wells drilled under the leased area from surface locations on adjacent or adjoining lands not covered by the lease. In such circumstances, drilling shall be considered to have commenced on the lease area when drilling is commenced

43 CFR Ch. II (10-1-08 Edition)

on the adjacent or adjoining lands for the purpose of directional drilling under the leased area through any directional well surfaced on adjacent or adjoining lands. Production, drilling or reworking of any such directional well shall be considered production or drilling or reworking operations on the lease area for all purposes of the lease.

[73 FR 6442, Feb. 4, 2008]

§ 3135.1-6 Lease renewal.

(a) *With a discovery*—(1) At any time after the fifth year of the primary term of a lease, the BLM may approve a 10-year lease renewal for a lease on which there has been a well drilled and a discovery of hydrocarbons even if the BLM has determined that the well is not capable of producing oil or gas in paying quantities. The BLM must receive the lessee's application for lease renewal no later than 60 days prior to the expiration of the primary term of the lease.

(2) The renewal application must provide evidence, and a certification by the lessee, that the lessee or its operator has drilled one or more wells and discovered producible hydrocarbons on the leased lands in such quantities that a prudent operator would hold the lease for potential future development.

(3) The BLM will approve the renewal application if it determines that a discovery was made and that a prudent operator would hold the lease for future development.

(4) The lease renewal will be effective on the day following the end of the primary term of the lease.

(5) The lease renewal may be approved on the condition that the lessee drills one or more additional wells or acquires and analyzes more well data, seismic data, or geochemical survey data prior to the end of the primary term.

(b) *Without a discovery*—(1) At any time after the fifth year of the primary term of a lease, the BLM may approve an application for a 10-year lease renewal for a lease on which there has not been a discovery of oil or gas. The BLM must receive the lessee's application no later than 60 days prior to the expiration of the primary term of the lease.

(2) The renewal application must:

Bureau of Land Management, Interior

§ 3135.1-8

(i) Provide sufficient evidence that the lessee has diligently pursued exploration that warrants continuation of the lease with the intent of continued exploration or future potential development of the leased land. The application must show the:

(A) Lessee or its operator has drilled one or more wells or has acquired and analyzed seismic data, or geochemical survey data on a significant portion of the leased land since the lease was issued;

(B) Data collected indicates a reasonable probability of future success; and

(C) Lessee's plans for future exploration; or

(ii) Show that all or part of the lease is part of a unit agreement covering a lease that qualifies for renewal without a discovery and that the lease has not been previously contracted out of the unit.

(3) The BLM will approve the renewal application if it determines that the application satisfies the requirements of paragraph (b)(2)(i) or (ii) of this section. If the BLM approves the application for lease renewal, the applicant must submit to the BLM a fee of \$100 per acre within 5 business days of receiving notification of approval.

(4) The lease renewal will be effective on the day following the end of the primary term of the lease.

(5) The lease renewal may be approved on the condition that the lessee drills one or more additional wells or acquires and analyzes more well data, seismic data or geochemical survey data prior to the end of the primary term.

(c) *Renewed lease.* The renewed lease will be subject to the terms and conditions applicable to new oil and gas leases issued under the Integrated Activity Plan in effect on the date that the BLM issues the decision to renew the lease.

[73 FR 6442, Feb. 4, 2008]

§ 3135.1-7 Consolidation of leases.

(a) Leases may be consolidated upon written request of the lessee filed with the State Director Alaska, Bureau of Land Management. The request shall identify each lease involved by serial number and shall explain the factors which justify the consolidation. In-

clude with each request for a consolidation of leases the processing fee found in the fee schedule in § 3000.12 of this chapter.

(b) All parties holding any undivided interest in any lease involved in the consolidation shall agree to enter into the same lease consolidation.

(c) Consolidation of leases not to exceed 60,000 acres may be approved by the State Director, Alaska if it is determined that the consolidation is justified.

(d) The effective date, the anniversary date, and the primary term of the consolidated lease will be those of the oldest original lease involved in the consolidation. The term of a consolidated lease may be extended, or renewed, as appropriate, beyond the primary lease term under § 3135.1-5 or § 3135.1-6.

(e) Royalty, rental, special lease stipulations and other terms and conditions of each original lease except the effective date, anniversary date and the primary term shall continue to apply to that lease or any portion thereof regardless of the lease becoming a part of a consolidated lease. The highest royalty and rental rates of the original leases shall apply to the consolidated lease.

[48 FR 413, Jan. 5, 1983, as amended at 70 FR 58875, Oct. 7, 2005. Redesignated and amended at 73 FR 6442, 6443, Feb. 4, 2008]

§ 3135.1-8 Termination of administration for conveyed lands and segregation.

(a) If all of the mineral estate is conveyed to a regional corporation, the regional corporation will assume the lessor's obligation to administer any oil and gas lease.

(b) If a conveyance of the mineral estate does not include all of the land covered by an oil and gas lease, the lease will be segregated into two leases, one of which will cover only the mineral estate conveyed. The regional corporation will assume administration of the lease covering the conveyed mineral estate.

(c) If the regional corporation assumes administration of a lease under paragraph (a) or (b) of this section, all lease terms, BLM regulations, and